

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended.

Unit Name	ANTRIM COUNTY TRANSPORTATION	County	ANTRIM	Type	OTHER	MuniCode	05-7-506
Opinion Date-Use Calendar	Jun 5, 2008	Audit Submitted-Use Calendar	Jun 27, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 910,315.00
General Fund Expenditure:	\$ 953,193.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 482,976.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	THOMAS	Last Name	ZICK	Ten Digit License Number	1101007478				
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CPA Firm Name	THOMAS R ZICK CPA, P.C.	Unit's Street Address	4700 S M-88	City	BELLAIRE	LU Zip	49615		

ANTRIM COUNTY TRANSPORTATION
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

ANTRIM COUNTY TRANSPORTATION

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Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

June 5, 2008

Board of Commissioners
Antrim County Transportation
Bellaire, Michigan 49615

I have audited the accompanying financial statements of Antrim County Transportation, an enterprise fund of the County of Antrim, Michigan, as of and for the year ended December 31, 2007 as listed in the table of contents. These statements are the responsibility of the Transportation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the Standards Applicable to Financial Audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note A, the financial statements present only the Antrim County Transportation Fund and do not purport to, and do not, present fairly the financial position of Antrim County as of December 31, 2007, and the changes in its financial position, or, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antrim County Transportation an enterprise fund of Antrim County, Michigan, as of December 31, 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2008 on my consideration of Antrim County Transportation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Antrim County Transportation. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in my opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

The Antrim County Transportation Fund has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

A handwritten signature in black ink, appearing to read "Thomas R. Zick, CPA P.C.", written in a cursive style.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ANTRIM COUNTY TRANSPORTATION
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS

Cash and investments	\$ 166,271
Accounts receivable	39,626
Due from governmental units	38,769
Inventories	14,413
Prepaid expenses	<u>6,324</u>
Total Current Assets	<u>265,403</u>

FIXED ASSETS

Property and equipment, less accumulated depreciation	<u>314,956</u>
Total Assets	<u>\$ 580,359</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 79,549
Accrued sick pay/wages	12,462
Due to other funds	<u>5,372</u>
Total Current Liabilities	<u>97,383</u>

NET ASSETS

Invested in capital assets net of related debt	314,956
Unrestricted	<u>168,020</u>
Total Net Assets	<u>\$ 482,976</u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2007

Operating Revenues: Schedule 1	\$ 347,782
Operating Expenses: Schedule 2	<u>953,193</u>
Operating Income (Loss)	(605,411)
Nonoperating Revenues: Schedule 3	<u>562,533</u>
Increase (decrease) in net assets	(42,878)
Net Assets - January 1	<u>525,854</u>
Net Assets - December 31	<u>\$ 482,976</u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

Cash Flows From Operating Activities:	
Cash received from customers	\$ 334,681
Cash payments for goods and services	(268,493)
Cash payments to employees for services/fringe benefits	<u>(519,145)</u>
Net Cash Provided (Used) by Operating Activities	<u>(452,957)</u>
Cash Flows From Non Capital Financing Activities:	
Operating grants received	324,310
Operating transfers in - General Fund	106,700
Expense reimbursement grants	<u>4,307</u>
Net Cash Provided (Used) by Non Capital Financing Activities	<u>435,317</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets (net)	(51,650)
Capital acquisition grants - received in cash	52,253
Proceeds from sale of capital assets	<u>34,816</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>35,419</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>7,380</u>
Net Cash Provided by Investing Activities	<u>7,380</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,159
Cash and Cash Equivalents - Beginning of Year	<u>141,112</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 166,271</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (605,411)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	121,034
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(13,101)
(Increase) Decrease in Inventories	4,668
(Increase) Decrease in Prepaid Expenses	126
Increase (Decrease) in Accounts Payable	33,197
Increase (Decrease) in Accrued Liabilities	<u>6,530</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (452,957)</u></u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Antrim Transportation Fund is an enterprise fund of Antrim County. It provides transportation services to the more than 23,000 residents of the County. The accompanying financial statements and additional information present only data for the component unit. It does not present the statements of the oversight unit which is Antrim County, Michigan whose financial statements are presented in a separate report.

The accounting policies of the Transportation fund conform to accounting principles generally accepted in the United States of America as applicable to local governmental units. Because the Transportation fund provides a service to citizens financed by a user charge and federal and state operating grants, the accounts of the Transportation fund are accounted for as an Enterprise Fund, utilizing the full accrual method of accounting.

Basis of Presentation - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. The Transportation fund now follows the "business-type" activities reporting requirements of GASB Statement No. 34. There was no impact to the net assets of the Transportation fund in adopting GASB No. 34. No component units are required to be reported in the Transportation fund financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those amounts.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Inventories - Inventories are recorded at cost on the first-in first-out basis (FIFO) under the consumption method. Inventories consist primarily of fuel and equipment parts.

Property and Equipment - All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation. Depreciation on such fixed assets is charged as an expense against the operations on a straight-line basis.

Sick and Vacation Pay - Sick and vacation pay are charged to operations when earned. Unused benefits are recorded as a current liability in the financial statements.

NOTE B - CASH AND INVESTMENTS

Deposits - The balance sheet at December 31, 2007 contained \$166,246 which was on deposit with the Antrim County Treasurer in the common bank accounts. The Transportation's cash is invested along with other County funds. The following are authorized investments and all county investments at December 31, 2007 meet these guidelines. No funds were invested in derivatives at year end.

Investments - Public Act 196 of 1997, authorized the County Treasurer to deposit and invest in the following:

- (a) bonds, securities and other obligations of the United States or its agencies

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE B - CASH AND INVESTMENTS

- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State and have a principal office or branch office in Michigan.
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- (d) United States government or Federal agency obligation repurchase agreements
- (e) bankers' acceptance of United States banks
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan and are properly registered with the State.

NOTE C - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	Purchased with Capital Grants	Purchased with Local Funds	Total
Vehicles	\$ 1,023,114	\$ 6,019	\$ 1,029,133
Equipment	259,148	27,987	287,135
Buildings	297,724	76,397	374,121
Land and Improvements	15,491	-	15,491
	1,595,477	110,403	1,705,880
Less Accumulated Depreciation	(1,310,719)	(80,205)	(1,390,924)
Net Property and Equipment	\$ 284,758	\$ 30,198	\$ 314,956

When federal or state funded assets are withdrawn from public transportation service, the disposition of the asset is determined by Michigan Department of Transportation. There were dispositions of assets during 2007.

NOTE D - PENSION PLANS

Transportation Fund employees participate in the overall General County retirement plan. A description of that plan follows:

Plan Description - Antrim County participates in a defined benefit retirement plan administered by the Municipal Employee's Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE D - PENSION PLANS (CONTINUED)

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County employees are eligible to participate in the system. Benefits vest after ten years of service. General County employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation. The system also provides death and disability benefits which are established by State Statute.

Participating County employees are not required to contribute to the system. The County is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 1997. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2006 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/06)

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 7,337,797
Terminated employees not yet receiving benefits	1,217,436
Non-vested terminated employees(pending refunds of member contributions)	38,373
Current employees:	
Accumulated employee contributions including	
allocated investment income	769,127
Employer financed	<u>14,502,999</u>
Total Actuarial accrued liability	23,865,732

Net Assets Available for Benefits, at actuarial value

(Market Value is 19,899,437)	<u>19,624,905</u>
Unfunded (over funded) actuarial accrued liability	<u>\$ 4,240,827</u>

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE D - PENSION PLANS (CONTINUED)

GASB 27 INFORMATION (as of 12/31/06)

Fiscal year beginning	January 1, 2008
Annual required contribution (ARC)	\$ 954,204
Amortization factor used – Underfunded liabilities (30 years)	0.054719
– Underfunded liabilities (20 years)	0.069773
– Overfunded liabilities (10 years)	0.119963

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2005 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2004	\$ 674,928	100%	-0-
2005	838,464	100%	-0-
2006	830,472	100%	-0-

The County was required to contribute \$860,292 for the year ended December 31, 2007. Payments were based on contribution calculations made by MERS. This amount includes all departments of the County - General, Sheriff, Medical Care and Transportation. The Transportation portion of the total was \$48,466 for 2007.

<u>Actuarial Valuation Date December 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2004	\$ 16,568,156	\$ 20,010,026	\$ 3,441,870	83%	\$ 9,054,278	38%
2005	17,942,859	21,688,579	3,745,720	83%	8,980,387	42%
2006	19,624,905	23,865,732	4,240,827	82%	10,031,008	42%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, 2000, and 2004 valuations. The funding method was changed to entry age normal for the 1993 valuation.

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS

No transportation employees are eligible for post employment health care benefits.

NOTE F - RISK MANAGEMENT/INSURANCE PROGRAMS

The Antrim County Transportation fund is a member of the Michigan Transit Pool. Coverage is limited to book value or cost of repairs, whichever is less. Book value is established annually on a report sent to the Transit Pool. There is a \$2,000 deductible per occurrence. Coverage is limited to \$5,000,000 per occurrence for liability.

Antrim County participates in the Michigan Municipal Risk Management Authority for general liability and property damage coverage. The County makes annual contributions based on actuarial studies using historical data and insurance industry statistics. The transportation fund building is covered through this plan.

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for worker's disability compensation and employer's liability is guaranteed by the Fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611.

SUPPLEMENTARY INFORMATION

ANTRIM COUNTY TRANSPORTATION
OPERATING REVENUES
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 1

Operating Revenues

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
Demand-response (fares revenue)	\$ 134,944	\$ 41,819	\$ 176,763
Maintenance fees - outside agencies	11,134	2,235	13,369
Fuel sales to outside agencies	<u>118,776</u>	<u>38,874</u>	<u>157,650</u>
 Total Operating Revenues	 <u>\$ 264,854</u>	 <u>\$ 82,928</u>	 <u>\$ 347,782</u>

ANTRIM COUNTY TRANSPORTATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 2

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Labor				
Operator's salaries and wages	\$ 169,895	\$ -	\$ -	\$ 169,895
Other salaries and wages	-	38,226	75,933	114,159
Dispatchers	53,688	-	-	53,688
Fringe Benefits	120,856	20,629	41,076	182,561
Services				
Other services	5,227	222	5,270	10,719
Building maintenance	-	8,295	-	8,295
Materials and Supplies Consumed				
Fuel and lubricants	213,217	-	-	213,217
Other materials and supplies	3,806	49,703	1,403	54,912
Utilities	14,694	2,144	2,131	18,969
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	412	-		412
Miscellaneous Expenses				
Travel/convention	-	-	5,332	5,332
Depreciation	<u>107,052</u>	<u>7,736</u>	<u>6,246</u>	<u>121,034</u>
Total Expenses	<u>\$ 688,847</u>	<u>\$ 126,955</u>	<u>\$ 137,391</u>	<u>\$ 953,193</u>

ANTRIM COUNTY TRANSPORTATION
NONOPERATING REVENUES
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 3

Local Operating Grants

Antrim County Appropriation	\$ <u>106,700</u>
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Subtotal Local Operating Grants	<u>106,700</u>
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State of Michigan Operating Grants

Prior Year contract Adjustments	(10,652)
Formula Operating Assistance	255,582
RTAP Revenue/Expense Reimbursement Grants	<u>4,307</u>

Subtotal State of Michigan Operating Grants	<u>249,237</u>
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Federal Operating Grants

U.S. DOT Operating Grant - Section 5311	<u>112,147</u>
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Capital Equipment Grants

Federal	42,149
State	<u>10,104</u>

Subtotal Capital Equipment Grants	<u>52,253</u>
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Gain on Disposal of Capital Assets	34,816
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Interest Income	<u>7,380</u>
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Total Nonoperating Revenues	<u>\$ 562,533</u>
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ANTRIM COUNTY TRANSPORTATION
LOCAL OPERATING REVENUES
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 4

Local Operating Grants

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
Antrim County Appropriation	<u>\$ 106,700</u>	<u>\$ -</u>	<u>\$ 106,700</u>

ANTRIM COUNTY TRANSPORTATION
CAPITAL CONTRACTS/CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 5

Grantor: Michigan Department of Transportation

<u>Contract #</u>	<u>Grant Amount</u>	<u>Previous Amount Eamed</u>	<u>Amount Earned 2007</u>	<u>Amount Remaining</u>
2007-0163Z2	24,000	-	-	24,000
2002-0008Z13R1	9,300	-	1,300	8,000
2002-0008Z11	17,400	11,478	610	5,312
2002-0008Z14	<u>152,364</u>	<u>-</u>	<u>50,343</u>	<u>102,021</u>
	<u>\$ 203,064</u>	<u>\$ 11,478</u>	<u>\$ 52,253</u>	<u>\$ 139,333</u>

The Federal portion of amount earned in 2007 was \$42,149 and the State portion was \$10,104

ANTRIM COUNTY TRANSPORATATION
EXPENSES BY CONTRACT AND GENERAL OPERATIONS
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 6

STATE OPERATING GRANT

	Jan-Sept State Operating	Oct-Dec State Operating	Total 1/1/2007 12/31/2007
Net Eligible Expenses Per Schedule 7	\$ 516,656	\$ 151,971	\$ 668,627
Plus State Eligible Expense Not Eligible for Federal Audit Fee	<u>2,183</u>	<u>727</u>	<u>2,910</u>
Net Eligible Expenses	<u>\$ 518,839</u>	<u>\$ 152,698</u>	<u>\$ 671,537</u>
State Reimbursement % (06/07 38.6208)	\$ 200,380		\$ 200,380
State Reimbursement % (07/08 36.1508) Operating		\$ 55,202	<u>55,202</u>
Total State Operating Reimbursement			<u>\$ 255,582</u>

ANTRIM COUNTY TRANSPORTATION
NET ELIGIBLE COSTS COMPUTATIONS OF GENERAL OPERATIONS
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 7

FEDERAL OPERATING GRANT

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
	<u>Federal</u>	<u>Federal</u>	<u>1/1/2007</u>
	<u>Section 5311</u>	<u>Section 5311</u>	<u>12/31/2007</u>
Expenses			
Labor	\$ 258,098	\$ 79,644	\$ 337,742
Fringe benefits	137,336	45,225	182,561
Services	7,584	3,135	10,719
Building maintenance	7,745	550	8,295
Materials and supplies	206,723	61,406	268,129
Utilities	16,127	2,842	18,969
Casualty and liability costs	291	121	412
Miscellaneous	4,513	819	5,332
Depreciation	<u>90,776</u>	<u>30,258</u>	<u>121,034</u>
 Total Expenses	 729,193	 224,000	 953,193
Less Ineligible Expenses			
Depreciation	(88,700)	(29,567)	(118,267)
County maintenance costs	(11,134)	(2,235)	(13,369)
Audit fee	(2,183)	(727)	(2,910)
Other - RTAP reimbursements	(288)	(4,019)	(4,307)
Capital grant building maintenance	(610)	-	(610)
Fuel cost - sold to outside agencies	<u>(109,622)</u>	<u>(35,481)</u>	<u>(145,103)</u>
 Total Ineligible Expenses	 <u>(212,537)</u>	 <u>(72,029)</u>	 <u>(284,566)</u>
 Net Eligible Expenses	 <u>\$ 516,656</u>	 <u>\$ 151,971</u>	 <u>\$ 668,627</u>
 Maximum Section 5311 Reimbursement (17.0% for 06/07)			<u>\$ 87,832</u>
Maximum Section 5311 Reimbursement (16.0% for 07/08)			<u>\$ 24,315</u>
Maximum Section 5311			<u>\$ 112,147</u>
Limited by contract to (117,844 for 06/07 and 113,792 for 07/08)			<u>\$ 112,147</u>

Federal Section 5311 expenses are only those expenses incurred in providing service to nonurbanized areas.

ANTRIM COUNTY TRANSPORTATION
DETAIL OF INELIGIBLE EXPENSES
YEAR ENDED DECEMBER 31, 2007

SCHEDULE 8

Depreciation

Depreciation accrued by public operators is ineligible according to Section 5311 Requirements. \$2,767 of depreciation for locally funded equipment purchases is considered an eligible expense. The ineligible depreciation amount was \$118,267.

County Maintenance

The amount disallowed for Federal Section 5311 Funding represents work performed on County vehicles for which reimbursement was received from the County of Antrim.

Other - RTAP Reimbursements

This amount represents expense reimbursements received during the year. In 2007 reimbursement was received as follows:

Training/seminar/travel expenses	\$ <u>4,307</u>
	\$ <u>4,307</u>

Audit Expense

Total federal funding for Antrim County for calendar year 2007 did not exceed \$500,000 so no single audit was required. The audit expenses are an ineligible expense for Section 5311 because the Transportation Fund Federal revenues did not exceed \$500,000. The audit expenses are an eligible expenditure for calculating the State operating assistance however.

Regional ridership Settlement

During 2004 and early 2005 the County was negotiating a settlement with Charlevoix County relative to expenses related to a regional ridership agreement from prior years. An agreement was reached and the amount recorded as a payable at December 31, 2004 was \$16,086. That amount was not paid during 2005, 2006, or 2007 and is still recorded as an account payable at December 31, 2007. The expense was not included as an eligible expense for 2004, 2005, 2006, and 2007. If not paid during 2008 it will be adjusted.

Fuel Sold to Outside Agencies

The entity has a cost allocation plan approved by MDOT which allows for a profit on fuel sold to other agencies to cover the overhead and administration of these sales. In 2007, the cost of fuel sold was calculated and shown as an ineligible cost. The amount was \$145,103 for 2007.

Capital Grant Reimbursements

The entity received \$610 reimbursement under grant #2002-008Z11 which was expensed as maintenance. This amount is not eligible for reimbursement under the Section 5311 nor State operating assistance requirements.



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June 5, 2008

Board of Commissioners
Antrim County
Bellaire, Michigan 49615

As required by the Michigan Department of Transportation, schedules of mileage, vehicle hours and number of passengers transported for the twelve months ended December 31, 2007, follows. This supplemental information was not audited by me and accordingly, I do not express an opinion on it. However, I have reviewed the compilation methods for mileage and passenger data and found them reliable.

Respectfully submitted,

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

SCHEDULES 9 AND 10

	Public Transportation Mileage	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapper Passengers	Days Operated
DEMAND-RESPONSE						
1st Quarter	79,318	3,354	10,033	870	3,107	64
2nd Quarter	69,928	2,887	6,756	823	3,131	66
3rd Quarter	60,291	2,463	5,410	1,040	3,095	64
4th Quarter	<u>73,717</u>	<u>3,011</u>	<u>9,490</u>	<u>1,046</u>	<u>2,918</u>	<u>61</u>
	<u>283,254</u>	<u>11,715</u>	<u>31,689</u>	<u>3,779</u>	<u>12,251</u>	<u>255</u>

See Auditor's Disclaimer on Preceding Page.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 5, 2008

Board of Commissioners
Antrim County Transportation
Bellaire, Michigan 49615

I have audited the accompanying financial statements of Antrim County Transportation an enterprise fund of the County of Antrim, Michigan as of and for the year ended December 31, 2007, and have issued my report thereon dated June 5, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Antrim County Transportation's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Antrim County Transportation's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of Antrim County Transportation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Antrim County Transportation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Antrim County Transportation's financial statements that is more than inconsequential will not be prevented or detected by Antrim County Transportation's internal control. I consider the following deficiency to be a significant deficiency in internal control over financial reporting:

Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 112 requires management to prepare annual financial statements in accordance with GASB Statement Number 34. The Transportation's auditor prepares these statements.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Antrim County Transportation's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Antrim County Transportation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, federal awarding agencies, pass-through entities, and Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Thomas R. Zick, CPA P.C." in a cursive script.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT



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REPORT TO MANAGEMENT / BOARD OF COMMISSIONERS

June 5, 2008

Board of Commissioners
Antrim County Transportation
Bellaire, Michigan 49615

I have audited the financial statements of Antrim County Transportation for the year ended December 31, 2007, and have issued my reports thereon dated June 5, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

In planning and performing my audit, I considered Antrim County Transportation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. I also considered internal control over compliance with requirements that could have a direct and material effect on the financial statements.

As part of obtaining reasonable assurance about whether Antrim County Transportation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination of Antrim County Transportation's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Antrim County Transportation are described in Note 1 to the financial statements. I noted no transactions entered into by Antrim County Transportation during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Some accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience and past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. My conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Antrim County Transportation's financial reporting process (that is, cause future financial statements to be materially misstated). All of the adjustments I proposed, have been recorded by Antrim County Transportation.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Antrim County Transportation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all of the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Antrim County Transportation's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Conclusion

I would like to express my appreciation, as well as that of my staff, for the excellent cooperation received while performing the audit. If I can be of any assistance in implementing the above recommendations, please contact me.

This report is intended solely for the use of management, the Board of Commissioners, the Michigan Department of Treasury, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Thomas R. Zick, CPA, P.C.", written in dark ink.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT